The ACA: Business impacts in 2016 and beyond

Since being signed into law, the Affordable Care Act has created a changing landscape for businesses large and small, and 2016 will be no exception. Most employers will need to take a few new actions next year and some will be facing much bigger changes. The first step in understanding how these changes affect your company is to establish your company size as determined by ACA formulas. From reclassification and insurance mandates to reporting and tax implications, new requirements are on the horizon and there's no better time than the present to get up to speed.

The 51-100 switch

If you have 50 or fewer full-time equivalents (FTEs), not much is changing next year. The big adjustment is for businesses with 51-100 FTEs.

Beginning January 1, 2016, if you have 51-100 FTEs, you'll be reclassified from a Large Group Employer to a Small Group Employer. This change could affect over 159,000 companies and 3.4 million workers.[1] Employers with 101+ FTEs will continue to be classified as Large Group Employer.

Rates

If you're among the companies with 51-100 full-time equivalents, you will no longer be able to be experience rated, with premiums largely set based on the health care costs of your group. Your plan must now be community-rated — based on the health and demographic profile of the surrounding community.

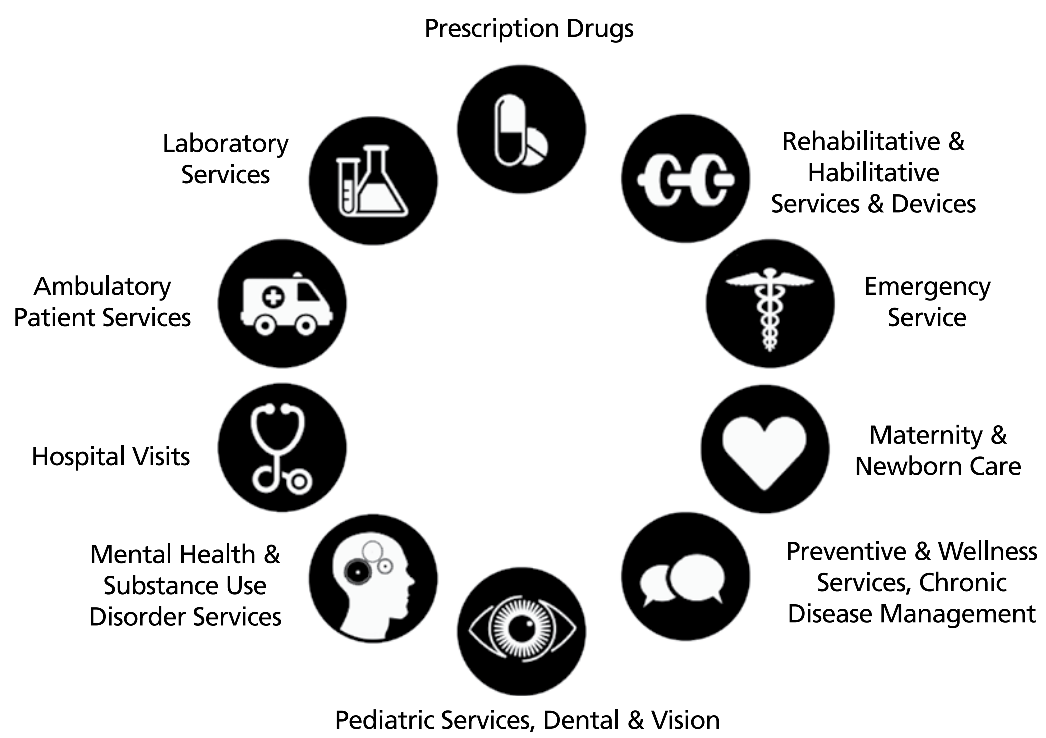
Benefits

For the first time, health plans for companies with 51-100 full-time equivalents must include a defined set of services called Essential Health Benefits (EHBs). EHBs include benefits such as pediatric dental and vision that may or may not be included in Large Group Employer plans.

All plans must also be organized into metal benefit levels ranging from bronze to platinum based on the portion of covered benefits paid for by the plan. Plus, you'll have the option of buying coverage through the New York State of Health Small Business Marketplace.

This "51-100 switch" **does not** change certain employer mandate requirements. If your business is in this category, you could be classified as a Small Group Employer for rates, benefits and market eligibility, and still be considered an applicable large employer for the employer mandate — and subject to penalties. Read more on that in the next section.

10 Essential Health Benefits Under the ACA



Community-rated products fall into one of four metal levels:

	PLATINUM	GOLD	SILVER	BRONZE
Plan Pays:	90%	80%	70%	60%
Members Pay:	10%	20%	30%	40%

The penalty box gets bigger

The employer mandate requires applicable large employers, those with 50 or more FTEs, to offer health insurance to those employees and their dependent children or pay a penalty.

Businesses with 100 or more FTEs had to offer coverage to 70 percent of their employees in 2015. In 2016 that number increases to 95 percent. Businesses with 50-99 FTEs are subject to the employer mandate for the first time in 2016 and must also offer coverage to 95 percent of their employees.[2]

Penalties may also apply if you don't offer at least one plan that is affordable and provides minimum value.

- **Affordable** – Employee pays no more than 9.5% of their taxable household income as premium for self-only coverage
- **Minimum value** – Covers at least 60% of the total allowed cost of benefits

PENALTY BOX

If you don't offer coverage to at least 95% of your full-time employees + dependents:

$2,000 (+inflation) per full-time employee

First 30 full-time employees are not counted

If you don't offer at least one plan that is affordable and provides minimum value:

$3,000 (+inflation) for each full-time employee who buys coverage from the NY State of Health or other marketplace AND receives a tax credit

Penalties are determined on a monthly basis each calendar year

New rules mean new reports

Beginning in early 2016, applicable large employers (50+ FTEs) have to file annual information returns with the IRS to show whether the employer is providing coverage and whether that coverage meets affordability and minimum value levels. Failure to file could mean reporting penalties and/or penalties under the employer mandate provision. Employers also have to send employees a statement similar to a W2 that they'll use when filing their taxes to determine if they're eligible for a tax credit.

Coming soon – the Cadillac Tax

In 2018 the federal government will place a 40% tax on high-cost premiums as a way to reduce employer-based health care spending. The tax will be calculated monthly on any premium amount over $850/month for self-only plans and $2291/month for family/spouse plans. The IRS is still determining how employers should calculate the total cost of benefits. They're considering using the same method as used for COBRA.

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1. American Academy of Actuaries, March, 2015 2. U.S. Treasury Dept Fact Sheet, 2014

Affordable Care Act
What's New in 2016?

CALCULATE YOUR FULL-TIME EQUIVALENT (FTE) EMPLOYEES

[ ] ÷ 120 + [ ]

Total number of monthly hours worked by part-time employees (less than 30 hours per week) ÷ 120 + Number of employees working more than 30 hours per week

Follow the path below based on your total:

Do you have more than 50 FTEs?

	NO	YES	
	<50 FTEs	51-100 FTEs	>100 FTEs
You can offer Community-Rated Metal-Level Plans	✓	✓	
You have the option to purchase coverage on NY State of Health Small Business Marketplace	✓	✓	
Minimum essential coverage reporting applies	✓	✓	✓
If you don't offer health insurance, you're subject to a government penalty		✓	✓
Learn more at WhyChooseExcellus.com	✓	✓	✓

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